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Town of Vienna  
General Purpose Financial Statements  
For the Two Years Ended April 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/18/02

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**WILLIAM D. EDWARDS, CPA**

A PROFESSIONAL CORPORATION  
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RUSTON, LOUISIANA 71270

Town of Vienna, Louisiana  
General Purpose Financial Statements  
For the Two Years Ended April 30, 2002

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1
Balance Sheet--All Fund Types and Account Groups	A	2
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - GAAP Basis - Governmental Fund Type		
For the Year Ended April 30, 2002	B	3
For the Year Ended April 30, 2001	C	4
Notes to Financial Statements		5-9
	<u>Schedule</u>	<u>Page</u>
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		11-12
Summary of Prior Year Findings	1	13
Schedule of Findings and Questioned Costs	2	14-16
Corrective Action Plan		17

# WILLIAM D. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

## INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen  
Town of Vienna  
Vienna, Louisiana

I have audited the accompanying general purpose financial statements of Town of Vienna, Louisiana, as of and for the two years ended April 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Vienna's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The general purpose financial statements referred to above do not include audited activities and balances of the General Fixed Asset Account Group prior to May 1, 2000. The records of the General Fixed Asset Account Group were incomplete as to the details concerning the various furniture and equipment and the amount that should be recorded in the accompanying general purpose financial statements is not known prior to May 1, 2000.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to examine evidence regarding May 1, 2000 balances and sufficient cost data on the general fixed assets, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Vienna as of April 30, 2002, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 19, 2002, on my consideration of the Town of Vienna's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Ruston, Louisiana  
November 19, 2002

Town of Vienna  
 Combined Balance Sheets - All Fund Types and Account Groups  
 As of April 30, 2002

	Governmental Fund Type - General Fund	General Fixed Asset Account Group	(Memo) Totals
ASSETS			
Cash and equivalents	\$112,118		\$112,118
Property and equipment		\$40,061	40,061
TOTAL ASSETS	<u>\$112,118</u>	<u>\$40,061</u>	<u>\$152,179</u>
Liabilities and Fund Equity			
Liabilities - accounts payable	\$1,610		\$1,610
Fund Equity:			
Investment in general fixed assets		\$40,061	40,061
Fund balance - unreserved - undesignated	110,508		110,508
Total fund equity	<u>110,508</u>	<u>40,061</u>	<u>150,569</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$112,118</u>	<u>\$40,061</u>	<u>\$152,179</u>

See accompanying auditor's report and notes to the financial statements.

Town of Vienna  
 Combined Statement of Revenue, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 GAAP Basis - General Fund  
 For the year ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Franchise fees	\$6,000	\$6,773	773
Interest income		4,567	4,567
Other income		2,154	2,154
TOTAL OPERATING REVENUES	<u>6,000</u>	<u>13,494</u>	<u>7,494</u>
EXPENDITURES			
General government:			
Office expense	1,000	81	919
Repairs and maintenance	900	622	278
Insurance	1,300	1,071	229
Utilities	2,300	1,111	1,189
Highways and streets - utilities		1,868	(1,868)
Capital outlay		3,210	(3,210)
TOTAL EXPENDITURES	<u>5,500</u>	<u>7,963</u>	<u>(2,463)</u>
EXCESS OF REVENUES OVER EXPENDITURES	500	5,531	5,031
FUND BALANCE, BEGINNING	<u>104,977</u>	<u>104,977</u>	<u>0</u>
FUND BALANCE, ENDING	<u>\$105,477</u>	<u>\$110,508</u>	<u>\$5,031</u>

See accompanying auditor's report and notes to the financial statements.

Town of Vienna  
 Combined Statement of Revenue, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 GAAP Basis - General Fund  
 For the year ended April 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Franchise fees	\$6,000	\$8,703	\$2,703
Tobacco tax		1,054	1,054
Interest income		3,484	3,484
Other income		425	425
TOTAL OPERATING REVENUES	<u>6,000</u>	<u>13,666</u>	<u>7,666</u>
EXPENDITURES			
General government:			
Office expense	1,200	1,027	173
Repairs and maintenance	900	863	37
Insurance	1,400	1,161	239
Utilities	2,200	1,298	902
Highways and streets - utilities		1,502	(1,502)
TOTAL EXPENDITURES	<u>5,700</u>	<u>5,851</u>	<u>(151)</u>
EXCESS OF REVENUES OVER EXPENDITURES	300	7,815	7,515
FUND BALANCE, BEGINNING	<u>97,162</u>	<u>97,162</u>	<u>0</u>
FUND BALANCE, ENDING	<u>\$97,462</u>	<u>\$104,977</u>	<u>\$7,515</u>

See accompanying auditor's report and notes to the financial statements.

Town of Vienna, Louisiana  
Notes to Financial Statements  
For the Two Years Ended April 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Vienna is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Vienna for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Vienna (the primary government) only. There are no component units included in the accompanying financial statements.

Considered in the determination of component units of the reporting entity were the Lincoln Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for Lincoln Parish. It was determined that these governmental entities are not component units of the Town of Vienna reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Vienna.



Town of Vienna, Louisiana  
Notes to the Financial Statements (Continued)

**B. Fund Accounting**

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. **General Fund** - The general operating fund of the village and accounts for all financial resources, except those required to be accounted for in other funds.

**C. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.



Town of Vienna, Louisiana  
Notes to the Financial Statements (Continued)

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. As exception to this general rule is principle and interest on long term debt is recognized when due.

**D. BUDGETS**

The primary government municipality uses the following budget practices:

The town adopted a budget for the fiscal years ended April 30, 2002 and April 30, 2001 for the General fund. The town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the April meeting, the mayor submitted to the board of aldermen a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them. During the April meeting, the budget was legally enacted through passage of an ordinance. The public is invited to attend all meetings. The mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There were no amendments to the original budgets.

**E. CASH AND EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**F. FIXED ASSETS**

Fixed assets of the governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated costs if historical cost is not available.

Town of Vienna, Louisiana  
Notes to the Financial Statements (Continued)

G. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

At April 30, 2002, the town has cash and cash equivalents (book balances) totaling \$112,118 as follows:

Demand deposits	\$25,206
Time deposits	<u>86,912</u>
Total	<u><u>\$112,118</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At April 30, 2002, the town has \$95,404 in deposits (collected bank balances). These deposits are secured from risk by \$95,404 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

3. FIXED ASSETS

A summary of the changes in fixed assets is shown below:

	Balance 4/30/00	Additions	Deletions	Balance 4/30/01
Land	\$8,000			\$8,000
Buildings	26,551			26,551
Furniture and equipment	<u>3,995</u>			<u>3,995</u>
Total	<u><u>\$38,546</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$38,546</u></u>

Town of Vienna, Louisiana  
Notes to the Financial Statements (Continued)

	<u>Balance</u> <u>4/30/01</u>	<u>Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>4/30/02</u>
Land	\$8,000				\$8,000
Buildings	26,551				26,551
Furniture and equipment	<u>3,995</u>	<u>(1,695)</u>	<u>3,210</u>		<u>5,510</u>
Total	<u>\$38,546</u>	<u>(\$1,695)</u>	<u>\$3,210</u>	<u>\$0</u>	<u>\$40,061</u>

4. COMPENSATION PAID THE COUNCILMEN

The town Councilmen did not receive any compensation for the two years ended April 30, 2002.

## REQUIRED SUPPLEMENTAL INFORMATION

# **WILLIAM D. EDWARDS**

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of LCPA'S

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor and Board of Aldermen  
Town of Vienna  
Vienna, Louisiana

I have audited the general purpose financial statements of the Town of Vienna, as of and for the two years ended April 30, 2002, and have issued my report thereon dated November 19, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Town of Vienna's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as items 02-2, 02-3, 02-4, and 02-5.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Vienna's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Town of Vienna's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 02-1.

Because of a limited number of available personnel, it is not possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described is a material weakness.

This report is intended for the information of the Town, the Legislative Auditor, and any interested federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "William D. Edwards".

Ruston, Louisiana  
November 19, 2002

Town of Vienna  
Summary of Prior Year Findings  
For the Two Years Ended April 30, 2002

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

None

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

None

**C. MANAGEMENT LETTER**

None



Town of Vienna  
Schedule of Findings and Questioned Costs  
For the Two Years Ended April 30, 2002

I have audited the general purpose financial statements of Town of Vienna as of and for the two years ended April 30, 2002, and have issued my report thereon dated November 19, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the general purpose financial statements as of April 30, 2002 resulted in an qualified opinion.

**A. Summary of Audit Results**

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

2. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ No

Type of Opinion On Compliance	Unqualified <input type="checkbox"/>	Qualified <input type="checkbox"/>
For Major Programs	Disclaimer <input type="checkbox"/>	Adverse <input type="checkbox"/>

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?  
☐ Yes ☒ No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? ☐ Yes ☒ No

## **B. Financial Statements Findings**

02-1. During my testing, it was noted that the Town maintains poor internal control. Supporting documentation for disbursements was not retained. Also timely deposits were not made which caused cash on hand to be excessively high. The effect of these instances increases the possibility that disbursements will be duplicated and income will be lost. Also interest income will be reduced.

Recommendation: I recommend the Town establish a policy to ensure that these situations do not recur.

Response: The Town concurs and has already established a method of maintaining all supporting documentation. Also the Town has deposited all checks currently.

02-2. For the year ended April 30, 2002 actual expenditures exceeded budgeted expenditures by more than 5% for the General fund. According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Recommendation: I recommend that the Town analyze interim budget and actual comparisons and amend the budget as needed.

Response: The mayor will closely monitor the budget and actual and recommend amendment as necessary.

02-3. Finding: The Town does not have a system in place to produce monthly financial statements. Municipalities are required to prepare monthly financial statements and present them to the governing body, according to LRS 33:425.

Recommendation: I recommend the Town establish a procedure to review the timeliness and accuracy of the financial statements monthly.

Response: The Mayor will be responsible for council members receiving monthly financial statements timely for review.

02-4. Finding: The Town purchased insurance from a company in which the mayor is an investor.

Recommendation: I recommend the Town monitor disbursements to ensure related party transactions do not occur.

Response: The company in which the mayor is an investor acquired the company the Town used for insurance coverage. When the policy renewed and payment was automatically made, the related party transaction was not noted at that time. Upon expiration of the current policy, the town council has already discussed selecting another insurance company unrelated to any council member.

02-5. Finding: The Town did not transmit its audit report within six months of the close of the fiscal year. According to LRS 33:463, the mayor and board of aldermen shall produce an annual financial statement of the municipality in accordance with generally accepted accounting principles and transmit a copy to the Legislative Auditor within six months of the close of the fiscal year.

Recommendation: I recommend the Town engage an auditor and make available all records within a reasonable time so as to comply with the state statute.

Response: The Town will engage an auditor and make available all records in order to comply with the state laws.

### **C. Federal Award Findings and Questioned Costs**

None

**TOWN OF VIENNA**  
P.O. Box 980  
Vienna, LA 71273

**CORRECTIVE ACTION PLAN**  
For the Two Years Ended April 30, 2002

Town of Vienna hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 02-1. See the Schedule of Findings and Questioned Costs - Section B.
- 02-2. See the Schedule of Findings and Questioned Costs - Section B.
- 02-3. See the Schedule of Findings and Questioned Costs - Section B.
- 02-4. See the Schedule of Findings and Questioned Costs - Section B.
- 02-5. See the Schedule of Findings and Questioned Costs - Section B.